

## ŹúlăĶ U-lex Co-op Ownership Frequently Asked Questions

1. What is a co-op?
  - A housing co-op can come in many different shapes and sizes. The primary difference from other types of housing ownership is that the buyer is buying **shares** in a corporation. The corporation owns the building and land, and all the members of the co-op are member shareholders in the corporation with each household having the right to occupy their unit and an equal voting right for as long as they own their shares. The co-op is run by a board selected by popular vote of the co-op members. Your number of shares in the co-op will depend on the square foot size of your unit.
2. What is the 1<sup>st</sup> step to buying a co-op home at Othello Square?
  - The first step is to contact HomeSight's Homeownership Center and start the eligibility process by providing financial information. The Homeownership Center staff will work with you to determine if you are under the income limit for our program- and can afford the monthly housing cost of the unit within program guidelines. They can also work with you to evaluate your credit profile and assist you with creating a sustainable budget. Once you have completed the process and have been determined eligible you will be placed on the purchase ready list.
3. What is the income qualification?
  - Prospective buyers' household incomes must not exceed 80% of area median income. Currently in Seattle that means the annual gross income for a 1-person household cannot be more than \$70,650, a 2-person household \$80,750, a 3-person household \$90,850, and a 4-person household \$100,900. Larger than 4-person household size information is available. Median income is adjusted each year, so the limits will likely be somewhat higher by the time the project is completed in 2024.
4. How do you decide who will get priority to buy a co-op home share?
  - A primary list of buyers who have completed all the readiness steps and have been pre-approved as income eligible buyers will be maintained by HomeSight. Once eligibility is confirmed and the reservation fee is paid the applicant will be added to the pool of approved income qualified buyers.
  - 6 months prior to construction completion each applicant will be assigned a number for blind drawings based on the community preference policy and number of bedrooms needed.
5. How is the co-op home share price calculated?
  - In order to make becoming a co-op home member affordable to a broad range of households, the share prices are currently at \$91.00 per square foot, with the average share cost for a unit at \$73,000.
6. If I don't have the cash for the share price, is there a loan available?
  - A share loan program is being created to assist in financing a portion of the share price. There will also be a Sharia compliant share loan available.
7. What is the minimum amount that I have to provide from my own funds?
  - The minimum cash that you have to put into the share purchase is 20% of the share price. You will also be required to demonstrate that you can save up to 3 months of payments. Showing your ability to save the monthly payments will be part of your action plan developed with HomeSight's Homeownership Center.

The information presented in this document reflects the most accurate information available **as of May 15, 2023**. As the project progresses through the design and permitting process changes may be made that will require updating the information in the Frequently Asked Questions.

## Co-op Homeownership Frequently Asked Questions

8. What can I do in my unit?
  - You will need written approval from your co-op board to make changes.
  - You are required to keep in safe and good condition and working order, all walls, floors, doors, windows, plumbing, heating and electrical fixtures and all appliances in your unit.
9. Who takes care of the building and property?
  - A HUD approved property management company will manage the building operation. The property manager will be responsible for taking care of repairs in your unit and maintenance and repair of all the areas outside of your unit including lawn care, collecting monthly maintenance and building carrying cost fees from co-op owners, paying co-op bills on behalf of co-op owners, keeping the co-op's financial records, helping to make sure co-op owners are following co-op rules, and assisting the co-op board to prepare the annual co-op budget.
10. What is included in the Building Carrying charges?
  - There are two portions - The maintenance fee used to cover common shared building expenses such as garbage, water, exterior and interior building maintenance and repair and unit repairs; and The building mortgage fee used to make payments on the building's 40-year blanket mortgage.
11. What are the expenses that the monthly carrying charge doesn't cover?
  - Your unit's electricity and water usage, your phone or internet access and individual unit insurance.
12. How much can I expect my monthly payment to go up on a yearly basis?
  - The building's mortgage portion will remain at a fixed amount for the term of loan (40 years). The maintenance fee portion will be adjusted as deemed necessary by the board. You can expect the maintenance fee to increase with inflation, currently between 2% and 3% per year as the cost of services, labor and materials increases.
13. Can I rent my unit?
  - Per the Bylaws, renting your unit is prohibited. The Bylaws is the governing document that spells out the rules for the co-op. The purpose of the co-op is to provide permanent affordable ownership opportunities to income qualified families primarily from South Seattle neighborhoods and the public funds used to help build the co-op prohibit renting.

The information presented in this document reflects the most accurate information available **as of May 15, 2023**. As the project progresses through the design and permitting process changes may be made that will require updating the information in the Frequently Asked Questions.